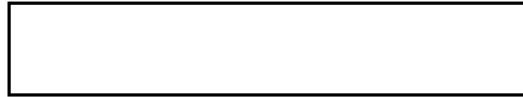


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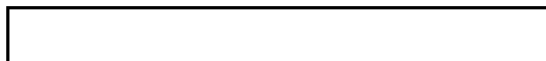


## BIWEEKLY REPORT

# SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC-WGR-1/18  
15 October 1956

PREPARED BY THE WORKING GROUP  
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES  
IN UNDERDEVELOPED AREAS  
ECONOMIC INTELLIGENCE COMMITTEE



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SINO-SOVIET BLOC ECONOMIC ACTIVITIES  
IN UNDERDEVELOPED AREAS\*

I. Summary of Events, 25 September-8 October 1956.

The most significant features of the Sino-Soviet Bloc effort to expand economic relations with the Free World during the period 25 September-8 October 1956 were (1) the announcement by India's Minister of Production, K. C. Reddy, that he plans to discuss the extension of long-term credits by the USSR to India, (2) the recent signing of a technical assistance agreement between the USSR and Egypt, (3) the signing of an agreement for scientific and technical cooperation between Cambodia and Czechoslovakia, and (4) the establishing of branch offices of the East German foreign trade bank in six major cities in the Middle East and Asia.

The discussions concerning the possibility of a Soviet long-term credit to enable India to build an oil refinery, fertilizer plants, and a shipbuilding yard will begin when India's Minister of Production visits the USSR in the near future. Other Sino-Soviet Bloc activities in India include further exchanges of agricultural missions between India and Communist China and the signing of 3-year trade agreements between India and both North Vietnam and East Germany. Also in South Asia, Communist China has signed an aid agreement granting over US \$12 million\*\* to Nepal.

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\* Although the main emphasis of the Biweekly is on economic activities of the Sino-Soviet Bloc in underdeveloped areas of the Free World, significant Bloc activities of this nature in areas not considered underdeveloped also will be discussed.

\*\* Unless otherwise specified, all dollar values in this report are in terms of US dollars.

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An agreement on scientific and technical cooperation signed between Cambodia and Czechoslovakia was coincident with the trade and payments agreement also signed between the two countries. The trade and payments agreement involves the shipment of Czechoslovak machinery, vehicles, and consumer goods in exchange for Cambodian raw materials. The technical cooperation agreement provides for scientific and technical assistance using Czechoslovak technicians, for Czechoslovak equipment, and for the training of Cambodian technicians.

In the Middle East, Czechoslovakia continued in its role as the major Bloc trading partner of Turkey as the Turkish government announced a revision of the trade protocol between the two countries which includes, among other provisions, a liberalization of terms in the event of a trade imbalance. Recent Soviet activities in Egypt were the signing of a technical assistance agreement, the signing of an agreement providing for the export of 200,000 metric tons\* of wheat to Egypt, and the visit of a Soviet agricultural delegation to study cotton production. Other Bloc activities in the Middle East involve (1) the Soviet proposal to Iran for the joint construction of a hydroelectric plant on the Aras River, which forms a part of the Soviet-Iranian border, and (2) the recent visit of the Sudanese Minister of Agriculture and Irrigation to both Hungary and the USSR to discuss the establishment of power-generating facilities in the Sudan.

In Latin America a Chinese Communist trade delegation arrived in Brazil to discuss trade possibilities, but it is reported that the Brazilian government will not consider any barter or bilateral trade arrangements with China. Uruguay, however, is studying a proposed payments agreement with China. Both Bulgaria and East Germany have offered to purchase rice from Uruguay in exchange for Bloc industrial goods.

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\* Unless otherwise indicated, tonnages are given in metric tons throughout this report.

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The USSR substantially strengthened economic relations with Iceland during the past 2 weeks by signing a 3-year trade protocol providing for increases in exports of frozen fish from Iceland to the USSR and for increases in imports of Soviet products into Iceland. Planned Bloc purchases of frozen fish, Iceland's most important export product, may take as much as 80 percent of Iceland's output in the near future. Also in Europe, Yugoslavia has contracted for another 150,000 tons of wheat from the USSR, and reports indicate that the Yugoslavs will probably arrange for an additional 100,000 tons soon.

East Germany is establishing branch offices of the Deutsche Handelsbank, A.G., the East German foreign trade bank, in Cairo, Khartoum, Damascus, Bombay, Rangoon, and Djakarta. The primary function of the bank and its branch offices is to negotiate payments agreements with countries reluctant to provide recognition to any official East German organization.

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